



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

Date: 9/10/2004

GAIN Report Number: MX4110

Mexico

Agricultural Situation

Weekly Highlights and Hot Bites, Issue #35

2004

Approved by:

Lisa Anderson

U.S. Embassy Mexico City

Prepared by:

Dulce Flores, Salvador Trejo, Bruce Zanin & Gabriel Hernández

Report Highlights:

- USAPEEC CAMPAIGNS TO PROMOTE GENERIC TURKEY CONSUMPTION
- MARCHERS PROTEST FOX'S ECONOMIC POLICIES
- MEXICAN FIRM INCREASES CHEESE PRODUCTION THROUGH ACQUISITION
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- CARREFOUR TO LEAVE MEXICO?
- ANTAD FORECASTS SLOWER SUPERMARKET SALES IN THE SECOND HALF OF 2004

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Welcome to Hot Bites from Mexico, a weekly review of issues of interest to the U.S. agricultural community. The topics covered in this report reflect developments in Mexico that have been garnered during travel around the country, reported in the media, or offered by host country officials and agricultural analysts. Readers should understand that press articles are included in this report to provide insights into the Mexican "mood" facing U.S. agricultural exporters. Significant issues will be expanded upon in subsequent reports from this office.

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USAPEEC CAMPAIGNS TO PROMOTE GENERIC TURKEY CONSUMPTION

During August, September, and October, USAPEEC will be having a promotional campaign that uses hip and flashy ads on the exterior of public buses in Mexico City. The theme of the ads is "*Pavoneate de Gusto*," which loosely translated means something like "Turkeyize yourself with flavor." Alma de Leon, USAPEEC's marketing manager in Mexico City, said that the ads' message is that consumers should take pride in eating a healthy food item such as turkey. The ads will appear for three months on eight buses that travel the main thoroughfares in Mexico City. Because about 90 percent of Mexico's turkey consumption is of U.S. product, the generic campaign promotes not only turkey meat, but also domestically-produced processed meats that use U.S. turkey as an ingredient. Mexican meat processors, who depend on a steady supply of turkey meat to operate their plants, have received the campaign extremely well, de Leon said. (Source: USAPEEC/ Mexico City)

MARCHERS PROTEST FOX'S ECONOMIC POLICIES

According to a local newspaper, tens of thousands of demonstrators marched on Tuesday to protest against free-market economic policies as union leaders and farmers groups staged protests around the city before rallying at the Angel of Independence monument and marching to the city's historic center. Earlier, angry farmers strung up dead chickens and pigs heads on the fences of the Economy Secretariat, herded cows into a busy intersection and threw manure at government buildings. Farm leaders say their demands to renegotiate agricultural provisions under the North American Free Trade Agreement (NAFTA) have been ignored by the government. (Source: El Universal, 09/01/04)

MEXICAN FIRM INCREASES CHEESE PRODUCTION THROUGH ACQUISITION

According to a local newspaper, Alfa S.A., the nation's second-largest industrial group, bought control of cheese producers in Mexico and the Dominican Republic to expand its consumer products. Sigma Alimentos S.A., Alfa's food unit, bought a majority stake in Grupo Chen S.A., a northern Mexico cheese producer with annual sales of US\$100 million, for an undisclosed price. The purchase strengthens Sigma's position in the lactose products' market, which is very fragmented in Mexico. Sosua, the Dominican Republic's largest producer of cheese, is the second company Sigma has bought on the Caribbean island since 2003. Buying Sosua, which had sales of US\$40 million last year and also produces processed meats, will make Sigma the second largest producer of cold cuts in the Dominican Republic when added to the 2003 acquisition of Productos Checo. Sigma which is the largest processed-meats company with more than 40 percent of the Mexican market, will be one of

the largest makers of lactose products after adding Chen's sales to its US\$160 million of sales in cheeses and yogurts last year. (Source: The Herald, 08/31/04)

FARMERS BLOCKADE THE SECRETARIAT OF ECONOMY

Farmers coming from several states exhibited their repudiation of the Government of Mexico's (GOM) lack of sensibility and political determination for not being proactive in taking the corn and dry edible beans issues out of the original NAFTA negotiations and for not realizing the hardship that this agreement has caused in the economy of hundreds of Mexican households. The farmers illustrated their disapproval by stringing up recently-slaughtered pigs heads and chicken carcasses on the Ministry of Economy's main entrance fence and flagstaff. (Source: La Jornada; 09/01/2004)

CARREFOUR TO LEAVE MEXICO?

Analysts from Merrill Lynch are speculating that Carrefour's September 1 announcement that the global supermarket chain will concentrate efforts in France and in China, indicates a departure from Mexico. Carrefour operates 28 stores in Mexico and more than 10,000 worldwide. (*El Financiero*, 9/2/04)

ANTAD FORECASTS SLOWER SUPERMARKET SALES IN THE SECOND HALF OF 2004

The executive president of the Mexican Retailers Association (ANTAD), Vicente Yañez Solloa, forecasts a slowdown in supermarket and department store sales growth in the second half of 2004 due to a faltering U.S. economy. Total sales for the first half of 2004 increased 8.9 percent over the previous year. However, ANTAD predicts overall sales growth for 2004 to be 6.9 percent over 2003. (*El Financiero*, 9/3/04)

REPORTS RECENTLY SUBMITTED BY FAS/MEXICO CITY

NUMBER	TITLE	DATE
MX4109	Weekly Highlights & Hot Bites, Issue #34	9/01/04

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To reach us at FAS/Mexico City:

AgMexico@usda.gov and/or ATOMexico@usda.gov